Criteria for granting Credit Rating Status

2252. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE be pleased to state:

(a) the criteria laid down for grant of Credit rating Status (A, B, C,) to the non-banking financial companies (NBFCs);

(b) whether there have been a large number of cases recently where credit rating agencies have suddenly down graded a number of prominant firms from "A" rating to "D" rating;

(c) whether the existing rating criteria have proved inadequate; and

(d) if so, how the rating criteria are proposed to be modified so as to restore the investors confidence in the capital market, especially after the recent CRB Capital Market fiasco?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) to (d) A credit rating being the rating agency's opinion on the issuers' ability and willingness to make timely payments on its borrowings, takes into account a number of parameters. The more important parameters for a financial intermediary, are

(i) Capital Adequancy
(ii) Asset Quality
(iii) Management
(iv) Earnings
(v) Liquidity

However, the information ralating to the number of cases where credit rating agencies have suddenly downgraded the firms from 'A' rating to 'D' rating is not maintained by Reserve Bank of India/Government. The credit rating agencies revise ratings as and when there is a change in the above mentioned parameters of the firms.

In so far as modifying the rating criteria is concerned, it is for the concerned rating agencies to look into the various factors having regard to their experience.

Gold seizure at IGI airport

2253. SHRI LAKKHIRAM AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the news-item entitled "Massive gold haul at IGI Airport" which appeared in 'The Hindustan Times' dated the 20th July, 1997;

(b) whether the persons caught with gold were given receipts of the weight of gold seized from them;

(c) the procedure for entering into Government record of the weight of the gold seized at the airport;

(d) weight of gold seized from IGI Airport during the last three years; and

(e) how the gold has been disposed of?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SATPAL MAHARAJ): (a) Yes Sir.

(b) Yes Sir.

(c) Before seizure, the recovered gold is weighed and a certificate is issued by a certified goldsmith, in the presence of 2 independent witnessess (Panchas) and the person from whom the gold is incovered. The detention receipt is thereafter issued, alongwith a panchnama showing details of recovery etc.

(d) The quantity of gold seized from IGI Airport in the last three years is as follows:—

Year	Qty seized (in kgs)
1994-95	63.139
1995-96	101.525
1996-97	114.296
1997-98 (till (30.6.97)	85.772

(e) The confiscated gold is disposed by retail sale at the Customs House in Delhi, Mumbai, Calcutta and Chennai.